

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
WEDNESDAY, FEBRUARY 4, 2009, 2:00 P.M.
Room W020, House Building, State Capitol Complex

Members Present: Sen. John Valentine, Co-Chair
 Rep. Kory M. Holdaway, Co-Chair
 Sen. Gregory S. Bell
 Sen. Ross I. Romero
 Sen. Stephen H. Urquhart
 Rep. Trisha S. Beck
 Rep. Melvin R. Brown
 Rep. Bradley M. Daw
 Rep. Kay L. McIff
 Rep. Carol Spackman Moss
 Rep. Evan J. Vickers
 Rep. C. Brent Wallis
 Rep. R. Curt Webb
 Rep. Mark A. Wheatley

Staff Present: Spencer Pratt, Fiscal Manager
 Lorna Wells, Secretary

Public Speakers Present: President Cynthia Bioteau, Salt Lake Community College
 Ted McAleer, USTAR Executive Director
 Commissioner William A. Sederburg
 Dr. Teddi Safman, Assistant Commissioner for Academic Affairs
 Lynne Ward, Director, Utah Educational Savings Plan

A list of visitors and a copy of handouts are filed with the committee minutes.

Co-Chair Holdaway called the meeting to order at 2:10 p.m.

1. Salt Lake Community College

Legislative Fiscal Analyst – Mr. Pratt explained that Tab 14 in the binder is the Salt Lake Community College Budget Brief. On Page 1 the first chart shows the budget history, the second chart shows the FTE history, and the third shows the FY 2010 Funding Mix. Page 2 includes retention rates, time to graduation, and the ratio of regular faculty to adjunct faculty. Mr. Pratt also explained the last page of the Budget Brief which details FY2008 of \$107,975,300 and the appropriated FY 2009 at \$107,805,500. The reductions made during the Sept. 2008 special session and the actions in January 2009 of this session resulted in a FY 2010 base budget of \$106,760,200.

President Bioteau – The widest gateway to economic recovery for the state is through Salt Lake Community College. Fall 2008 enrollment was up 18 percent, Spring 2009 was up 10 percent. There are currently 8,000 new applications for Fall 2009; last year there were between 1,000 and 2,000 new applications at this time. The mission of SLCC is to provide access to education and training for

every member of our community. There is not an admission test for the college; the placement test is given to help students enroll in the best class for them. Pres. Bioteau discussed the demographics of students at SLCC, including the fact that 89 percent of the students at SLCC are employed, and 75 percent of SLCC graduates remain in Utah. The tuition at SLCC is higher than neighboring states' community colleges. Because of this, tuition increases to help solve the budgetary issues will be a last resort. Pres. Bioteau discussed the partnerships with the biotechnology program. She also discussed the transfer success of students to four-year institutions as well as the increase in concurrent enrollment. Pres. Bioteau wanted to emphasize that FTE credit students only make up one part of the headcount at the college. SLCC provides one-third of the Career and Technology Education in the state, and 81 percent of these students are employed within their career field. She introduced two student leaders, and Troy Justesen, the new Vice President for Workforce, Professional and Literacy Development

Rep. Holdaway asked Pres. Bioteau how the 2010 budget cuts would impact SLCC.

Pres. Bioteau answered that SLCC will possibly close three programs, trim back programs at the prison, and trim back the barbering and cosmetology partnership with the high schools.

Rep. Beck asked if a student is placed at a certain level from placement tests, do they move up from that point?

Pres. Bioteau replied that the placement test connects them with a course that will prepare them for college-level skills. The sequence that follows will be determined by the student's chosen course of study.

Rep. Wheatley commended Pres. Bioteau for her leadership at SLCC through these difficult economic times. He also commended the administration and staff at SLCC.

Sen. Bell asked about the status of the waiting list and the nursing program.

Pres. Bioteau responded there is a waiting list, but it is half of what it used to be prior to the opening of the Health Sciences Building. SLCC is working with health partners to expand teaching at other sites and to increase the number of graduates in nursing. There is an interest in having a trimester approach. The college has also tried to improve student advisement. Many of the other health care programs available at SLCC might be a better fit for students. The current waiting list is from one year to 18 months. Previously the waiting list was over four years.

2. USTAR

Mr. McAleer discussed some case studies. He gave a brief orientation to the USTAR program including the goals of the program. He discussed the three program areas: USTAR Faculty, Building Construction and the Technology Outreach Program. They have identified six innovative focus areas utilizing current university strengths. They are building on the excellence of the university technology outreach centers. Research shows that five percent of the faculty at a research institution generate 50 percent of the research funding. He showed the current results of USTAR and showed how USTAR is ahead of the original plan.

Rep. Holdaway commented that although the current situation is stressful, the approach to this economic downturn will determine whether this program continues.

Mr. McAleer discussed several case studies. 1)Energy Project: Carbon Capture and Sequestration, 2) Alternative Energy (ie. algae based biofuel production, 3)Uintah Basin Advanced Seismic Analysis; 4) Nanotechnology Biosensors, 5)Biomedical Device, and 6) Advanced Imaging. Mr. McAleer discussed the USTAR buildings update. These projects are moving ahead of the projections. Funding is available for these projects. Mr. McAleer explained how USTAR fits into the innovation-based economic growth plan. Mr. McAleer discussed the impact of the budget cuts, they have been consolidating as much as possible. USTAR will probably have to cut one of the technology outreach centers. The five outreach centers are: WSU, SLCC, UVU, DSC with a satellite at SUU, and CEU.

Rep. Wallis asked more specifically about the center that would be cut. He asked Chairperson if it would be possible to have these outreach sites report to the committee.

Mr. McAleer estimated that it costs about \$500,000 per center; they are currently looking at where budget cuts can be made.

Rep. Vickers said that it is very rewarding to sit on this committee and see the uniqueness of each institution. He reported that USTAR is playing a big part in rural economic development.

Sen. Romero asked if it is true that 22.9 percent was cut from USTAR and that this disproportionate cut is unsettling. He also asked about the relationship between the universities, asking about possible competition.

Mr. McAleer explained that there was carryover; so 22.9 percent is from that funding source. USTAR is working with each institution and they have strong relationships. USTAR works with deans at each institution. They have a team that works with faculty and deans to identify who the top people in a certain area might be.

3. Articulation Agreement – Commissioner's Office

Commissioner Sederburg explained that articulation facilitates students transferring credits from one institution to another. The average student goes to three or four institutions before he/she graduates. He compared the ease of transferring from institutions in other states to Utah, Utah has one of the best articulation processes. USHE has worked hard to make the transfer from one institution as seamless as possible. USHE has annual majors' meetings where faculty from each institution come to discuss articulation in each major. HB 320 also means that there is a common course numbering system between institutions for common courses. Commissioner Sederburg introduced Dr. Teddi Safman. Dr. Safman reported that recently the Lumina Foundation has given the State a grant because Utah is a leader because of the articulation and the majors' meetings. Dr. Safman explained this project. Utah has been invited to be a Liberal Education for America's Promise (LEAP) state.

Commissioner Sederburg addressed some of the issues associated with the transfer process. The state has to perform a balancing act in allowing the faculty to have some autonomy, transfer of specialized courses, transfer from out of state schools (this is especially true from on-line courses), and UCAT students transferring into Higher Education System.

Rep. Wheatley asked what is involved with leveraging e-portfolios.

Dr. Safman explained that an e-portfolio would have a student demonstrate to future employers that would give evidence that certain outcomes had been achieved. By receiving a Lumina Foundation grant, the technology could be facilitated.

Rep. Beck asked about transferring specialized classes; does a student usually discuss articulation with the institution they are transferring from or the institution that they transfer to?

Commissioner Sederburg said that most often the student should discuss specialized courses with the institutions they are transferring to. He also pointed out there is often a negotiation between faculty and administrators at both institutions. When faculty start talking to each other, the articulation process is also facilitated.

Sen. Urquhart thanked the Commissioner's office for its efforts.

Rep. McIff commended the Commissioners' office on how far this has come.

Dr. Safman mentioned that Utah is ahead of the curve regarding learning outcomes and articulation.

Rep. Holdaway asked about the status of the common student identifier or numbering system..

Commissioner Sederburg said that they are making progress on this. It also involves the K-16 Alliance.

4. Utah Educational Savings Plan

Ms. Lynne Ward discussed the Utah Educational Savings Plan, which is Utah's 529 College Savings Plan. She said that the UESP doesn't require a minimum balance, the account owner remains in control of the funds, and unused funds can be transferred to a member of the beneficiary's family.

Sen. Valentine asked about 529 trust funds with regards to recent IRS rulings. Sen. Valentine and Ms. Ward will discuss the specific question at a later time.

Utah's program gets national recognition because it is a quality program with a low price. A recent article in the *Deseret News* was very positive about UESP. The total investments are about \$2.1 billion dollars. UESP has over 135,000 accounts. Most accounts are owned by non-Utahns. There are 10 investment options. There is an upward trend in accounts. She thanked the Legislature for the state tax benefit given to investors for contributions made to UESP. Ms. Ward showed some of the efforts that UESP is using to reach Utahns. Mr. Ward also explained emerging issues and how they are handling these issues.

Rep. Holdaway asked if funds are still available for the security and privacy requirements; as well as marketing.

Ms. Ward said that she believes they will be able to keep up the funding for both of these items.

Rep. Moss thanked Ms. Ward. She asked about the five percent credit.

Rep. Wheatley asked about the \$2.1 billion invested with only 8 percent Utah owned.

Ms. Ward replied that UESP has ten investment options. They have found that if there are too many options, it is overwhelming to the investor. UESP is required to issue a disclosure document. Vanguard has extremely reasonable rates.

5. University of Utah – Issue Brief.

Mr. Pratt said the University of Utah Issue Brief is behind Tab #6. Page 1 shows the budget history, FTE history, and the FY 2010 funding mix. Performance indicators show retention rates, time to graduate, and the number of research grants. Page 4 shows the Budget Detail Table. The FY 2008 Actual is \$418,574,700 and the FY 2009 appropriated amount was \$397,878,800. With the reductions taken, the FY 2010 Base Budget is \$399,256,900.

Rep. McIff and Rep. Wallis asked for clarification on these charts.

Mr. Pratt explained that the \$399 million includes \$235 million in state funds. This pulls down the next year's ongoing budget. On July 1st, institutions will be taking the 7.2 percent cut; they will have the entire year to implement those cuts.

6. Enrollment Growth Issue Brief

Mr. Pratt explained that the Higher Education Enrollment Growth Issue Brief is under Tab 3. After four years of declining enrollments, UHSE institutions experienced an increase of 1,116 FTE students in the 2007-2008 school year. Projections for this current semester are an increase of 3,300 new students. Enrollments have an inverse relationship with the economy. The Commissioner's office originally requested \$11,351,600 in enrollment growth funding for FY 2010. Even though new funding is likely not available, the students are there. The number of students and the cost factor at the institutions also vary.

Sen. Valentine said that the enrollment growth is disproportionate with UVU and Dixie.

Rep. Vickers asked for a comparison of more than just one year.

Mr. Pratt can show enrollment growth trends for the last five years for each institution. He will provide this information at a later meeting.

Rep. Holdaway stated that up until 2002, growth had been funded. He stated that growth is a constitutional issue for Public Education, but for Higher Education it is not.

Rep. McIff stated that unless we have money to deal with, enrollment growth funding is a moot issue.

Rep. Wallis asked why Higher Ed. is not included as a constitutional requirement.

Rep. Beck echoed Rep. Vickers request to see enrollment trends for several years.

7. Tuition Issue Brief

Mr. Pratt reported that tuition is becoming a more important part of funding Higher Education. He discussed first-tier and second-tier tuition. Since 1999-2000, first-tier tuition has remained between 3.5 and 5 percent. Second-tier tuition increases vary from institution to institution and have been as

low as no increase to as high as 27 percent, with the average at about 4 percent. Pages 2 – 3 of the Issue Brief show Resident Tuition and Non-Resident Tuition; the final pages of the brief show tuition levels at comparable institutions.

Rep. Holdaway said the Subcommittee will have to look at this for next year.

Rep. Wheatley asked if the Subcommittee is going to consider bonding, rainy day funds, etc.

Rep. Holdaway said the Subcommittee can make recommendations to the EAC. He said that the Subcommittee is not ready to take these forward today.

MOTION: Rep. Wallis moved to adjourn.

Committee Co-Chair Holdaway adjourned the meeting at 4:30 p.m.

Minutes were reported by Lorna Wells, Secretary.

Sen. John Valentine, Committee Co-Chair

Rep. Kory M. Holdaway, Committee Co-Chair